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# ***PRELICENSING EDUCATION***

## ***EDUCATIONAL OBJECTIVES***

### **California Limited Lines Automobile Agent Examination**

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#### **OVERVIEW**

Section 1677 of the California Insurance Code requires that the limited lines automobile agent examination be of sufficient scope to satisfy the Insurance Commissioner that an applicant has sufficient knowledge of insurance and insurance laws.

Effective January 1, 2008, California Insurance Code Sections regarding an insurance agent license were amended to include provisions for a "Limited Lines Automobile" agent license. Specifically, 1625.55 (a) states that a "Limited Lines Automobile Insurance Agent" is a person authorized to transact automobile insurance, as defined in Section 660.

For purposes of the prelicensing curriculum and examination, the successful applicant is defined as an entry-level employee of an agency or a company. Passing the examination is the completion of an important first step of a lifetime of insurance education and experience for this person.

The new limited lines automobile insurance agent will be trained to sell/service the lines more commonly available, less complex lines first, the other lines later. Sufficient knowledge is what this typical new limited lines automobile agent needs to know at the start of one's career.

- (1) The most specific knowledge is required in the following areas:
  - \* Insurance code and ethics
  - \* Responsibilities and authority of an insurance agent
  - \* General insurance concepts and principles
  - \* Personal automobile liability, physical damage, and collision coverage
  - \* Motorcycle coverage
  - \* Property and liability basics
  - \* Low-cost automobile insurance
  - \* Umbrella and excess liability insurance
- (2) Required knowledge of the remaining lines/coverages
  - \* a general understanding of why these lines/coverages may be required
  - \* a very general understanding of what they do.

In addition, this license authorizes the transaction of automobile insurance for the private, non-commercial use of the insured motor vehicle with a load capacity of 1,500 pounds or less. The insurance products that this license can transact are as follows:

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- Automobile Liability Coverage which is limited to coverage of bodily injury and property damage liability, medical payments, and uninsured motorists' coverage.
- Automobile Physical Damage Coverage includes all coverage of loss or damage to an automobile insured under the policy except loss or damage resulting from collision or upset.
- Automobile Collision Coverage includes all coverage of loss or damage to an automobile insured under the policy resulting from collision or upset.

#### **EDUCATIONAL OBJECTIVES**

The educational objectives are statements of what an applicant must do, under what conditions, and how well, to demonstrate sufficient knowledge to pass the licensing examination.

The educational objectives are derived from the curriculum outline contained in Title 10, Chapter 5, Subchapter 1, Article 6.5, Section 2187 of the California Code of Regulations. The purpose of these objectives is to:

*Express clearly what an applicant must be able to do to show an acceptable level of mastery of each educational objective.*

#### **CODE AND ETHICS**

The educational objectives for Code & Ethics are incorporated in the following pages. The individual objectives may be identified by "(CIC XXXX)" or "(Ethics)" or "(Code)". References to "Code" or "CIC" in the educational objective mean the California Insurance Code.

#### **THE EXAMINATION**

Examination questions are based on the educational objectives. Mastery of the educational objectives should guarantee success on the examination.

All percentage distributions shown for sections of the Educational Objectives are plus or minus 1 percent.

The applicant for a Limited Lines Automobile Insurance Agent license will, without any aids (e.g. reference materials, electronic aids), meet the following requirements.

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*He or she will correctly answer a minimum of 70 percent of the questions on the California Department of Insurance Limited Lines Automobile examination during the one and a half hour (or 90 minutes) allowed for the 60 question multiple-choice examination.*

In addition, all questions are based on "standard" policies; current editions of Insurance Services Office (ISO) policies will be used as the standard where available.

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#### I. GENERAL INSURANCE (15 percent of questions)

##### I. A. Basic Insurance Concepts and Principles

1. Be able to identify examples of insurance (as defined [CIC 22]).
2. Be able to recognize the definition of risk.
3. Be able to differentiate between a pure risk and a speculative risk.
4. Be able to identify a definition of peril.
5. Be able to identify a definition of hazard.
6. Be able to differentiate between moral, morale, physical and legal hazards.
7. Be able to identify the definition of the law of large numbers.
8. Be able to identify a definition or the correct usage of the terms loss and loss exposure, e.g. property loss exposure, liability loss exposure, human personnel loss exposure.
9. Be able to recognize the requisites of an ideally insurable risk.
10. Be able to identify the definition of insurable events (CIC 250).
11. Be able to identify and apply the definition of insurable interest, and indemnity, and be able to recognize the applicability of these terms to a given situation.
12. Be able to identify why private insurers underwrite the insurance applications they receive.
13. Be able to identify the major types of private insurers:
  - a. Stock insurance companies;
  - b. Mutual insurance companies;
  - c. Reciprocal insurance exchanges.
14. Be able to identify the meaning of adverse selection and spread of risk.
15. Be able to identify the benefits and the costs of insurance to society (e.g. loss control, loss payments, securing credit, etc.).
16. Be able to identify a correct explanation of the role of deductibles in insurance.

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17. Be able to identify that for regulatory purposes:
- (a) the Insurance Code divides lines of insurance into classes (CIC 100); and,
  - (b) defines these *classes* (CIC 101-120).

#### I. GENERAL INSURANCE

##### I. B. Contract Law

1. Be able to identify and compare contract law and tort law.
2. Be able to identify the four major elements of a contract (agreement, competent parties, legal purpose, and consideration).
3. Be able to identify the meaning and effect of the following special characteristics of an insurance contract:
  - (a) contract of adhesion;
  - (b) conditional contract;
  - (c) aleatory;
  - (d) unilateral;
  - (e) personal;
  - (f) utmost good faith;
  - (g) indemnity.
4. Be able to identify the term insurance policy (CIC 380).
5. Be able to identify the meaning and effect of each of the following on a contract:
  - (a) fraud (CIC 338 and 1871.2);
  - (b) concealment (CIC 330-339);
  - (c) warranty (expressed/implied) CIC 440-445, 447, e.g. an implied warranty qualifies as a representation in an insurance contract (CIC 354);
  - (d) materiality (CIC 334);
  - (e) representations (CIC 350-361), i.e. a representation can be altered or withdrawn only before the insurance is issued (CIC 355);
  - (f) misrepresentation (CIC 780-784), e.g. know that a representation is false when the facts fail to correspond with its assertions or stipulations;
  - (g) waiver and estoppel.
6. Be able to identify six required specifications for all insurance policies (CIC 381).
7. Be able to identify:
  - (a) the meaning of the term rescission;
  - (b) when an insurer has the right of rescission (CIC 331, 338, 359, 447).

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#### I. GENERAL INSURANCE

##### I. C. The Insurance Marketplace

##### I. C1. Distribution Systems

1. Be able to differentiate between the four principal marketing distribution systems (Independent/Exclusive Agencies and Direct Writing/Direct Mail System) in terms of:
  - (a) contractual and ownership relationships between the producer and the insurer;
  - (b) marketing methods.

#### I. GENERAL INSURANCE

##### I. C. The Insurance Marketplace

##### I. C2. Producers

1. Given a situation involving the legal relationship of an insurance agent and either a principal (insurer or agency principal) or an insured/applicant, be able to assess:
  - (a) the legal relationships;
  - (b) the responsibilities and duties of each;
  - (c) the effect of the types of authority an *agent* may have (express / implied / apparent).
2. With regard to the underwriting of applicants and /or insureds, be able to:
  - (a) identify a producer's responsibilities;
  - (b) differentiate between the limitations placed on insurer pre-selection and post-selection activities.
3. Be able to identify and compare the following:
  - (a) insurance agent (CIC 1621), e.g. a person authorized by and on behalf of an insurer to transact insurance;
  - (b) insurance broker (CIC 1623), e.g. someone paid for transacting insurance on behalf of another person;
  - (c) insurance solicitor (CIC 1624); must be appointed by an agent or broker who holds a permanent fire and casualty license;
  - (d) managing general agent (CIC 769.81(c), 1735)
    - 1) Know that an MGA can be any person, firm, association, partnership, or corporation that manages all or part of an insurer's business (including a separate division, department or underwriting office);
    - 2) Know that an MGA acts as an agent and produces and underwrites gross direct written premium equal to or more than 5% of the

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policyholder surplus as reported in the insurer's last annual statement and either:

- a. adjusts or pays claims in excess of an amount determined by the Commissioner, or;
    - b. negotiates and binds ceding reinsurance on behalf of the insurer (CIC 769.81[c]).
  - (e) administrator (CIC 1759), e.g. a person who collects premium from or who settles claims for residents in this state in conjunction with life or health insurance coverage.
  - (f) fire and casualty licensee (CIC 1625);
  - (g) personal lines licensee (CIC 1625.5);
  - (h) insurance adjuster (CIC 14021);
  - (i) public insurance adjuster (CIC 15007);
  - (j) surplus line and special surplus line broker (CIC 1761).
4. Be able to identify the Code definition of transact and why the definition is important (CIC 35, 1621-1624, 1631, 1633).
5. Be able to identify the Code statements regarding a broker-agent's status when appointed as an agent (CIC 1731).
6. Be able to recognize the differences, and the reasons for the differences, between the authority of an agent and a solicitor.
7. Be able to identify the purpose, duties and authority of an agency for the following:
- (a) applications;
  - (b) binders (CIC 382.5) (CCR 2274);
  - (c) certificates of liability insurance and evidence of property insurance;
  - (d) renewal responsibilities;
  - (e) suspense/diary system;
  - (f) lost policy release.
8. For Insurance Agent's Errors & Omissions insurance, be able to identify:
- (a) the types of coverages available;
  - (b) the types of losses commonly covered / not covered;
  - (c) the need for the coverage.
9. Be able to identify acts prohibited (unless licensed as a surplus line broker) with regard to nonadmitted insurers (CIC 703).



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10. Be able to identify the requirements and penalties in the Code with regard to insurance in connection with sales or loans (CIC 770-770.1, 771, 773-774) (CCR 2114).
11. Be able to identify the prohibitions of free insurance (CIC 777.1).
12. Be able to identify the Code requirements for Fire & Casualty agents regarding the following:
  - (a) agency name, use of name (CIC 1724.5, 1729.5);
  - (b) display of license (CIC 1725);
  - (c) records (CIC 1727-1727.5, 1730.5);
  - (d) office location (CIC 1728-1729);
  - (e) change of address (CIC 1729);
  - (f) premium finance disclosures (CIC 778.02, 1730.6);
  - (g) filing license renewal application (CIC 1720);
  - (h) printing license number on documents (CIC 1725.5).
13. Be able to identify regulation regarding charges for extra services.
14. Be able to identify mandated procedures to follow when a broker fee is charged.
15. Be able to identify the Code specifications regarding producer application investigation, denial of applications, and suspension or revocation of license (CIC 1666, 1668-1669, 1738).
16. Be able to identify the importance and the scope of the Code regarding:
  - (a) the filing of a notice of appointment (CIC 1673, 1704-1705);
  - (b) an inactive license (CIC 1704 [a]).
17. Be able to identify the scope and effect of the Code regarding termination of a (producer) license including when producers dissolve a partnership (CIC 1708-1714).
18. Be able to identify:
  - (a) the definition of the term "fiduciary";
  - (b) producer fiduciary duties described in the Code (CIC 1733-1735.5).
19. Be able to identify the continuing education requirements for Limited Lines Automobile Agents (CIC 1749.32)

The following Educational Objective is derived from the codes of ethics of major industry

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organizations and is the basis for test questions.

20. Be able to identify and apply the meaning of the following:
  - (a) place the customer's interest first;
  - (b) know your job - and continue to increase your level of competence;
  - (c) identify the customer's needs and recommend products and services that meet those needs;
  - (d) accurately and truthfully represent products and services;
  - (e) use simple language; talk the layman's language when possible;
  - (f) stay in touch with customers and conduct periodic coverage reviews;
  - (g) protect your confidential relationship with your client;
  - (h) keep informed of and obey all insurance laws and regulations;
  - (i) provide exemplary service to your clients;
  - (j) avoid unfair or inaccurate remarks about the competition.
21. Be able to identify that the California Insurance Code and the California Code of Regulations identify many unethical and/or illegal practices but they are NOT a complete guide to ethical behavior.
22. Be able to identify the personal lines requirement for providing the effective date of coverage to insureds /applicants (CIC 1730.5).
23. Know what a licensee must do to surrender their license. Know what an employer must do to terminate a licensee's license. (CIC 1708)

#### I. GENERAL INSURANCE

##### I. C. The Insurance Marketplace

##### I. C3. Insurers

1. Be able to differentiate between:
  - (a) admitted and non-admitted insurers (CIC 24-25);
  - (b) domestic, foreign or alien insurers (CIC 26-27, 1580):
    - (1) an excess and surplus lines insurer writes standard coverages in a state where the insurer is unlicensed;
    - (2) A standard market insurer is an insurer who offers rates for insurance coverage to insureds who have an average or better than average loss exposure.
2. Be able to identify the functions of the following major operating divisions of insurers: Marketing /Sales, Underwriting, Claims, Actuarial.
3. Be able to identify market conduct regulations as the state laws that regulate

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insurer practices regarding underwriting, sales, ratemaking, and claims handling.

4. Be able to identify who may be an insurer (CIC 150).
5. Be able to identify the Code definition of insolvency (CIC 985).
6. Be able to identify the differences and similarities of types of insurers (Stock / Mutual / Lloyd's / Reciprocal / Risk Retention Groups)

#### **I. GENERAL INSURANCE**

##### **I. C. The Insurance Marketplace**

##### **I. C4. Market Regulation - General**

1. Be able to identify the purpose of insurance regulation and the significance of Paul vs. Virginia (1869), SEUA case (1944), and the McCarren-Ferguson Act (a.k.a. Public Law 15 [1945]).
2. Be able to identify:
  - (a) the California Insurance Code (CIC) and how it may be changed (Code);
  - (b) the California Code of Regulations (CCR Title 10, Chapter 5) and how it may be changed (Code);
  - (c) how the insurance commissioner is selected and the responsibilities of the position (CIC 12900, 12921).
3. Be able to identify the correct application of the Unfair Practices article, including its prohibitions and penalties (CIC 790-790.10).
4. Be able to identify the correct application of the Insurance Information and Privacy Protection Act regarding practices, prohibitions and penalties (CIC 791-791.26).
5. Be able to identify the scope and correct application of the conservation proceedings described in the Code (CIC 1011, 1013, and 1016).
6. Be able to identify the purpose and scope of the Code with regard to:
  - (a) the California Insurance Guarantee Association (CIC1063 [a-c], 1063.1 [a], [b], [c] (1) (2));
7. Be able to identify:
  - (a) common circumstances that suggest the possibility of fraud; e.g. that if an insured signs a claim form for a claim which is fraudulent, the insured may be found guilty of perjury;

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- (b) efforts to combat fraud (CIC 1872, 1874.6, 1875.8, 1875.14, 1875.20, 1877.3 [b] [1]).
- 8. Be able to identify the scope and correct application of the False and Fraudulent Claims article of the California Insurance Code (CIC1871.1-1871.4c, 1872.5).
- 9. Be able to identify discriminatory Fire and Casualty practices prohibited by the California Insurance code (CIC 679.70-679.73, 10140-10145).
- 10. Be able to identify the requirements for rates to be approved or remain in effect (CIC 1861.05[a]).
- 11. Be able to identify:
  - (a) the types of rating laws (prior approval, file & use, use & file, open competition);
  - (b) the system used by the state of California to regulate rates for most property and casualty insurance written in California (prior approval) (CIC 1861.05[c]).
- 12. As used by the Code, be able to identify the meaning of:
  - (a) "shall" and "may" (CIC 16);
  - (b) "person" (CIC 19).
- 13. Be able to identify the requirements for notice by mail (CIC 38).

#### **I. GENERAL INSURANCE**

##### **I. C5. Excess and Surplus (E&S) Lines**

- 1. With regard to surplus lines, be able to identify:
  - (a) what the term "surplus lines" means;
  - (b) the marketplace needs met by surplus lines;
  - (c) the requirements to be met before a risk may be placed with a surplus lines insurer;
  - (d) how surplus lines and special lines surplus lines brokers interact with agents;
  - (e) the absence of binding authority when placing business through excess and surplus lines brokers (CIC 1764.2);
  - (f) the non-standard nature of the coverages provided;
  - (g) conditions that must be met before business may be obtained from these carriers (CIC 1761);
  - (h) what the List of Eligible Surplus Lines Insurers (LESLI) is.

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#### II. PROPERTY AND LIABILITY BASICS (5 percent of questions)

##### II. A. Basic Legal Concepts - Tort Law

1. Be able to identify the types of wrongs that are dealt with by tort law (e.g. intentional torts, negligence, absolute liability, strict liability), e.g. a person can face a claim for legal liability for intentional torts, negligence, and absolute liability.
2. Be able to recognize and identify:
  - (a) the four essential elements of negligence (duty / breach / injury / unbroken chain) and;
  - (b) whether all four elements are present in a described situation;
  - (c) the principle of "proximate cause";
  - (d) legal defenses against "negligence."
3. Be able to identify:
  - (a) the reasons for the absolute and strict liability doctrines and recognize situations in which they would apply;
  - (b) examples of intentional torts (e.g. libel, slander, false arrest).
4. Be able to identify definitions of gross negligence and vicarious liability.
5. Be able to identify types of damages: punitive and compensatory, which includes special and general damages.
6. Be able to recognize the difference between comparative and contributory negligence doctrines.
7. Be able to compute a loss payment applying the doctrines of:
  - (a) comparative negligence;
  - (b) contributory negligence.
8. Be able to apply the assumption of the risk doctrine.
9. Be able to identify:
  - (a) the ways a pure no-fault law would modify a tort liability system;
  - (b) the major differences between "pure no-fault" and "modified no-fault" laws.

#### II. PROPERTY AND LIABILITY BASICS

##### II. B. Property and Liability Basics

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1. Be able to identify the major services provided by the Insurance Services Office (ISO):
  - (a) Insurance Services Office (ISO) the ISO is the advisory organization that develops forms for the standard market;
2. Be able to recognize the principle risk management methods used to identify loss exposures, and the advantages and disadvantages of each method.
3. Be able to identify the difference between direct and indirect (consequential) property losses.
4. Be able to recognize common indirect loss exposures.
5. Be able to identify the methods commonly used by risk managers to deal with risk.
6. Be able to identify the terms of expense, loss, and combined ratios.
7. Be able to identify the following terms:
  - (a) "all-risk" (an old term still commonly used and understood within the insurance industry, but a term often misunderstood by the general public);
  - (b) "open peril" / "special form" (terms commonly used in place of "all-risk" in today's policies);
  - (c) "named peril";
  - (d) "concurrent causation."
8. Be able to identify the terms and differentiate between:
  - (a) short rate / flat rate / *pro-rata* cancellation;
  - (b) cancellation / non-renewal / lapse;
  - (c) unearned / earned premium and be able to identify their correct computation.
9. Be able to differentiate between the terms "judgment rating," "merit rating," and "manual rating."
10. Be able to identify and apply the meaning of claims terms (e.g. first party, third party, subrogation, arbitration, etc.).
11. Be able to define the term "loss reserve", e.g. estimate of the amount that an insurer will pay for a claim.

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12. Be able to identify the requirements to be met to assign a policy from one insured to another.
13. Be able to differentiate between property and liability insurance coverages.
14. Be able to identify a definition of "loss cost rating" and the reason for its use.
15. Be able to identify:
  - (a) the requirement for an insurable interest to exist (CIC 280);
  - (b) when insurable interest is required to exist under property insurance policies (CIC 286);
  - (c) that contingent or expectant interests are not insurable (CIC 283).

#### **II. PROPERTY AND LIABILITY BASICS**

##### **II. C. Property and Liability Policies - General**

1. Be able to identify a description of:
  - (a) the major components of insurance policies (e.g. declarations, insuring agreements, definitions, conditions, exclusions, endorsements, etc.);
  - (b) common policy provisions (e.g. insured's right to cancel, assignment of policy, supplementary payments, severability, liberalization, etc.) and coverages (removal and debris removal).
2. Be able to identify and compute loss payments for:
  - (a) the different types of valuation commonly used in insurance policies. (actual cash value, replacement cost, market value, agreed value, and stated value);
  - (b) a valued policy (CIC 2053, 2054).
3. Be able to identify the protection of a mortgagee's interest contained in most mortgage clauses.
4. Be able to identify the definition and effect of a concurrent vs. non-concurrent policy.
5. Be able to identify the Code requirements pertaining to policy cancellation / failure to renew (CIC 481.5, 660-669.5, 670, 673, 675-679.6).
6. Be able to identify restrictions regarding referral of auto insureds to repair facilities (CIC 753).

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#### III. PERSONAL AUTO INSURANCE (80 percent of questions)

##### III. A. Personal Auto

##### III. A1. Personal Auto - General

1. Be able to identify the financial responsibility law requirements (CA Vehicle Code (CVC) 16020, 16021, 16025, 16451).
2. Be able to identify:
  - (a) the (ISO) eligibility requirements for a Personal Auto Policy (PAP);
  - (b) who is an insured, e.g. any person qualifies as an insured while using a covered auto;
  - (c) the policy territorial limits;
  - (d) the difference between "share-the-expense car pools" and "for-hire" situations.
  - (e) the coverage that applies to newly acquired auto and "your covered auto";
  - (f) the coverage that applies to a non-owned private passenger auto rented by an insured while on a short vacation.
3. Be able to identify situations in which the policy provides:
  - (a) primary coverage
  - (b) excess coverage.
4. Be able to identify:
  - (a) the eligibility requirements to receive a Good Driver Discount (CIC 1861.025);
  - (b) the discount percentage of the Good Driver Discount (CIC 1861.02);
  - (c) the three principal rating factors for personal auto policies (CIC 1861.02[a]).
5. Be able to identify:
  - (a) the permitted reasons for an insurer to cancel or non-renew an automobile policy (CIC 1861.03[c] [1], 661);
  - (b) the number of days of notice required (CIC 662, 663).
6. For newly acquired autos, know that:
  - (a) A newly acquired auto will have the broadest coverage provided for any vehicle shown in the Declarations, except for collision coverage;
  - (b) If the insured has collision coverage on at least one auto listed on the Declarations page, collision coverage on a newly acquired auto begins on



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- the date the insured becomes the owner. The insured must notify the insurer within 14 days;
- (c) If the insured does not have collision coverage on at least one auto listed on the Declarations page, collision coverage on a newly acquired auto begins on the date the insured becomes the owner, but the insured must request collision coverage within 4 days;
  - (d) If a newly acquired auto is in addition to any vehicle shown in the Declarations, the insured must notify the insurer within 14 days.

### **III. PERSONAL AUTO INSURANCE**

#### **III. A. Personal Auto**

#### **III. A2. Personal Auto - Liability / Medical / Uninsured Motorist**

1. Be able to identify how the policy limits are applied to coverages A, B and C (Liability, Medical, Uninsured Motorist), in a given loss situation.
2. For a described loss applying to Part A - Liability, be able to determine the effect of:
  - (a) supplementary payments;
  - (b) "out of state coverage" (including "financial responsibility" and "no-fault" compliance);
  - (c) split limits vs. single limits coverage; e.g. the difference between the per accident limit in a split limit policy and a single limit policy is that in a split limit policy the per accident limit applies only to bodily injury and the single limit applies to all claims;
  - (d) "other insurance";
  - (e) the principle - coverage / limitations / exclusions - applying to bodily injury and property damage liability.
3. For a described loss applying to Part B - Medical Payments, be able to determine the amount of coverage for each insured.
4. Be able to identify:
  - (a) who is defined as an uninsured motorist;
  - (b) the Underinsured Motorists coverage part of the Uninsured Motorist coverage;
  - (c) Uninsured Motorist Property Damages;
  - (d) collision deductible waivers.
5. Be able to identify excess automobile liability exposure coverage; e.g. know that the personal auto policy is excess when an insured leaves their car at a facility (such as garage, parking lot, or valet) and that car is involved in an accident.

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# ***PRELICENSING EDUCATION***

## ***EDUCATIONAL OBJECTIVES***

### **California Limited Lines Automobile Agent Examination**

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6. Under California law be able to identify:
  - (a) the policy limits required to comply with the Financial Responsibility Law ((CIC 11850.1[b](1)) (CVC 16056);
  - (b) the requirement for offering Uninsured Motorists coverage in policies providing bodily injury liability - and how an insured may reject the coverage (CIC 11580.2[a](1)).

### **III. PERSONAL AUTO INSURANCE**

#### **III. A. Personal Auto**

#### **III. A3. Personal Auto - Physical Damage / Miscellaneous**

1. In a described loss, be able to identify:
  - (a) if the loss is covered and for how much after applying any deductibles;
  - (b) the standard basis of valuation for the automobile;
  - (c) an insurer's options in making a loss settlement with the insured;
  - (d) under what circumstances transportation expenses are reimbursed;
  - (e) the coverage for personal effects (none);
  - (f) the relationship between other than collision coverage (OTC) and comprehensive coverage (ISO uses newer "OTC"; many insurers still use "comprehensive");
    - (1) Know that Other Than Collision coverage is a property insurance coverage.
  - (g) under what conditions waiver of collision deductible and uninsured motorist property damage must be offered and the coverage provided by each;
  - (h) insured's duties after a loss.
2. Be able to identify the purpose of the following:
  - (a) Miscellaneous Type Vehicle Endorsement;
  - (b) Named Non-owner policy;
  - (c) Extended Non-owned Liability Coverage;
  - (d) Additional Transportation Expenses;
  - (e) Coverage for Sound Receiving and Transmitting Equipment;
  - (f) Coverage for Audio, Visual and Data Electronic Equipment and Tapes, Records, Discs and Other Media;
  - (g) Mexico Coverage Endorsement;
  - (h) Towing and Labor Coverage.
3. Be able to explain GAP coverage.
4. Be able to identify non-standard physical damage.

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#### III. PERSONAL AUTO INSURANCE

##### III. A. Personal Auto

##### III. A.4. California Automobile Assigned Risk Plan (CAARP)

1. Be able to identify the purpose of CAARP.
2. Be able to identify:
  - (a) who is eligible to place business with CAARP;
  - (b) the eligibility requirements for applicants;
  - (c) how business is placed through CAARP;
  - (d) the coverages and limits available / required;
  - (e) whether coverage may be bound;
  - (f) whether commercial risks are also eligible for "assigned risk" coverage.

#### III. PERSONAL AUTO INSURANCE

##### III. A. Personal Auto

##### III. A.5. Motorcycles

1. Know that for motorcycles,
  - (a) endorsements can be added to a Personal Auto Policy (PAP) to provide motorcycle coverage
  - (b) once a motorcycle is added to the PAP, the existing coverage of the PAP is extended to this added vehicle

#### III. PERSONAL AUTO INSURANCE

##### III. A. Personal Auto

##### III. A.6. Recreational Vehicles

1. Know that for Recreational Vehicles,
  - (a) endorsements can be added to a Personal Auto Policy (PAP) to provide coverage to Recreational Vehicles
  - (b) once a Recreational Vehicle is added to the PAP, the existing coverage of the PAP is extended to this added vehicle
  - (c) know what constitutes a private passenger auto
  - (d) know the difference between a private passenger vehicle and a commercial vehicle
  - (e) know that RV's are generally both designed as and used as private passenger vehicles, not commercial vehicles
  - (f) know that under CIC 660(a)(1), a 6-wheel RV would be considered a private passenger vehicle
  - (g) know that a 4-wheel, 1,500 lb. (or less) load capacity can be classified as private passenger vehicle

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#### III. PERSONAL AUTO INSURANCE

##### III. A. Personal Auto

##### III. A.7. Guaranteed Auto Protection (GAP) Coverage

1. Be able to identify the purpose of GAP
2. Be able to identify:
  - (a) who is eligible to place business with GAP/consumer's right to purchase;
  - (b) who is the payee on GAP insurance coverage

#### III. PERSONAL AUTO INSURANCE

##### III. B. Umbrellas and Excess Liability Insurance

1. Be able to identify:
  - (a) the major function of these policies;
  - (b) the absence of standard policies;
  - (c) the difference between umbrella and excess policies;
  - (d) the benefits of umbrella and excess liability insurance.
2. Be able to identify:
  - (a) underlying policies that are commonly required (by the umbrella insurer) to be maintained;
  - (b) what a self-insured retention is and how it is applied to a loss;
  - (c) Standardized Umbrella policies and their availability.

#### III. PERSONAL AUTO INSURANCE

##### III. C. Low-Cost Automobile Insurance

1. Be able to identify:
  - (a) low-cost automobile insurance;
  - (b) the costs for this insurance;
  - (c) eligibility to purchase low-cost automobile insurance;
  - (d) the cancellation and renewal procedures for low-cost automobile insurance;
  - (e) the coverages and limits available.

#### III. PERSONAL AUTO INSURANCE

##### III. D. New Developments - Personal Auto

1. Legal
2. Legislative
3. Insurance Products and Practices